

Message Text

UNCLASSIFIED

PAGE 01 CALGAR 00217 192249Z

12

ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 PA-02 PRS-01

/110 W

----- 091838

R 192015Z MAY 76

FM AMCONSUL CALGARY

TO SECSTATE WASHDC 1670

INFO AMEMBASSY OTTAWA

UNCLAS CALGARY 0217

PASS INTERIOR AND COMMERCE

E.O. N/A 11652

5-& : ENRG, CA

QSUBJ: ALBERTA REACTION TO NEW ENERGY PRICING PROGRAM

1. ALBERTA'S PREMIER PETER LOUGHEED HAS STATED THAT THE PROVINCE WILL ACCEPT THE TWO-STAGE OIL AND NATURAL GAS PRICE INCREASE PACKAGE ANNOUNCED IN OTTAWA BY FEDERAL ENERGY MINISTER ALASTAIR GILLESPIE ON MAY 18 PROVIDING AGREEMENT CAN BE REACHED ON THE 1 PRICE OF GAS EXPORTS. LATTER WAS NOT A PART OF MINISTER S STATEMENT, BUT IS EXPECTED TO BE ANNOUNCED SOON, AND COULD RESULT IN FAIRLY HEFTY INCREASES BEING IMPOSED ON US COMPANIES AND CONSUMERS.

2. IT IS UNDERSTOOD THAT NATIONAL ENERGY BOARD HAS MADE RECOMMENDATIONS TO FEDERAL GOVERNMENT ON NATURAL GAS EXPORT PRICES, BUT THESE HAVE NOT BEEN MADE PUBLIC. MOST ENERGY AUTHORIT-

IES ON BOTH SIDES OF BORDER HAVE FELT PRICE RISE INEVITABLE.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 CALGAR 00217 192249Z

EM ALBERTA GOVERNMENT S POSITION ON NATURAL GAS EXPORT PRICE ISSUE

WAS QUOTED IN LOCAL NEWSPAPERS AS ALBERTA WILL ACCEPT OTTAWA'S NEW ENERGY PRICING DEAL, BUT ONLY IF FEDERAL GOVERNMENT BOOSTS THE PRICE OF NATURAL GAS EXPORTED TO THE US BY 25 PERCENT, AND LOUGHEED HAS SAID THE PRIME MINISTER'S VIEW IS THAT WE HAVE NOT REACHED A CONCLUSION ON THIS PROBLEM.

4. THE REPORTING OFFICER DISCUSSED THIS ISSUE THIS MORNING WITH Q ALBERTA'S DEPUTY MINISTER OF ENERGY, BARRIE MELLON, AND DEPUTY MINISTER FOR INTERGOVERNMENTAL AFFAIRS HAROLD MILLIGAN. ALL MINISTERS WERE ON ASSEMBLY FLOOR DEBATING ENERGY PRICE POLICY. BOTH MELLON AND MILLIGAN ACCEPTED THAT STATEMENT ON EXPORT PRICES EMANATING FROM PROVINCIAL GOVERNMENT COULD CREATE CERTAIN DEGREE OF OPPOSITION IN US, PARTICULARLY AT A TIME WHEN ALBERTA WOULD LIKE TO GAIN MORE SUPPORT FOR POSSIBLE REQUEST FOR REDUCTION OF US TARIFF RATES ON ALBERTA EXPORTS OF PETROCHEMICAL PRODUCTS (CALGARY'S 38, JANUARY 26).

5. TEXT OF STATEMENT RELEASED BY ALBERTA GOVERNMENT YESTERDAY ON EXPORT GAS PRICES FOLLOWS:

THE FEDERAL GOVERNMENT IN THEIR STATEMENT EARLIER THIS EVENING SAID THAT THEY THINK THAT THEY CAN GET AGREEMENT WITH ALBERTA BUT HAVE TO AWAIT OUR RESPONSE. WE ARE PREPARING TO PROCEED ON THIS BASIS AND IN AGREEMENT WITH THE FEDERAL GOVERNMENT, PROVIDED THAT ON OR BEFORE JULY 1, 1976, THE FEDERAL GOVERNMENT AUTHORIZES THE NECESSARY ORDER IN COUNCIL TO INCREASE THE BORDER PRICE OF CANADIAN NATURAL GAS SOLD TO THE UNITED STATES FROM DOLS 1.60 PER MCF TO APPROXIMATELY DOLS 2.00 034 .: * - * 534 43- 9, - ?) 3 , 958: 3 59 5# 3 7,853\$ 5-53 , BUT IN ANY EVENT BEFORE THE END OF 1976. ALBERTA PROVIDES 80 PERCENT OF THE NATURAL GAS BEING EXPORTED TO THE UNITED STATES, AND SUCH AN INCREASE IN THE BORDER PRICE IS A VERY SIGNIFICANT BENEFIT TO EXPLORERS IN ALBERTA BY MARKEDLY IMPROVING THEIR RETURN IN FUNDS AVAILABLE FOR EXPLORATION. IN ADDITION, THIS WOULD PROVIDE SUBSTANTIAL EXTRA REVENUES TO THE ALBERTA GOVERNMENT FOR THE SALE OF ITS DEPLETING RESERVES.

6. OIL AND GAS INDUSTRY IN ALBERTA RECEPTIVE TO FEDERAL GOVERNMENT'S UNCLASSIFIED

UNCLASSIFIED

PAGE 03 CALGAR 00217 192249Z

PRICE STATEMENT, WHICH WILL ADD TOTAL OF DOLS 1.75 A BARREL FOR OIL AND 25.5 CENTS PER MCF FOR DOMESTIC NATURAL GAS. THE PACKAGE COULD ADD DOLS 360 MILLION OVER A FULL YEAR TO THE ALBERTA TREASURY, AND ANOTHER DOLS 70 MILLION IF THE EXPORT PRICE INCREASE ON NATURAL GAS EXPORTS IS ACCEPTED. APPROXIMATELY 30 PERCENT OF THESE ADDITIONS WOULD GO INTO THE PROVINCE'S HERITAGE FUND AND THE REMAINDER INTO GENERAL REVENUE.

HALL

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROVINCE, NATURAL GAS, PETROLEUM, EXPORTS, POLICIES, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 19 MAY 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CALGAR00217
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760199-0348
From: CALGARY
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760538/aaaabgor.tel
Line Count: 116
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 07 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 JUL 2004 by mendozsm>; APPROVED <27 JAN 2005 by CollinP0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ALBERTA REACTION TO NEW ENERGY PRICING PROGRAM
TAGS: ENRG, CA
To: SECSTATE WASHDC
OTTAWA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006